

# SENATE AMENDMENTS

2<sup>nd</sup> Printing

By: Alvarado

H.B. No. 3311

A BILL TO BE ENTITLED

AN ACT

relating to the scoring criteria for an application for a low income housing tax credit and the allocation of those credits to developments reserved for elderly persons.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 2306.6711, Government Code, is amended by adding Subsections (h) and (i) to read as follows:

(h) Notwithstanding Section 2306.6710(d), and except as necessary to comply with the nonprofit set-aside required by Section 42(h)(5), Internal Revenue Code of 1986 (26 U.S.C. Section 42(h)(5)), the board may not allocate to developments reserved for elderly persons and located in an urban subregion of a uniform state service region a percentage of the available housing tax credits allocated to developments located in that subregion that is greater than the percentage that results from the following formula, unless there are no other qualified applicants in that region:

$$MP = [(LEH - ERU) / (TLH - TEU)] \times 100$$

where:

"MP" is the maximum percentage of the available housing tax credits allocated to developments in the subregion that may be allocated to developments reserved for elderly persons;

"LEH" is the number of low income elderly households in the subregion;

"ERU" is the number of existing units reserved for elderly

1 persons in developments located in the subregion that already  
2 receive housing tax credits;

3 "TLH" is the total number of low income households in the  
4 subregion; and

5 "TEU" is the total number of existing units in developments  
6 located in the subregion that already receive housing tax credits.

7 (i) Subsection (h) applies only to a uniform state service  
8 region that contains a county with a population of more than one  
9 million.

10 SECTION 2. Section 2306.6725(d), Government Code, is  
11 amended to read as follows:

12 (d) For each scoring criterion, the department shall use a  
13 range of points to evaluate the degree to which a proposed project  
14 satisfies the criterion. The department may not award:

15 (1) a number of points for a scoring criterion that is  
16 disproportionate to the degree to which a proposed project complies  
17 with that criterion; or

18 (2) to a proposed project for the general population a  
19 number of points for a scoring criterion that is different than the  
20 number of points awarded for that criterion to a proposed project  
21 reserved for elderly persons if the proposed projects comply with  
22 the criterion to the same degree.

23 SECTION 3. (a) The change in law made by this Act to  
24 Section 2306.6711, Government Code, applies only to the allocation  
25 of low income housing tax credits for an application cycle that  
26 begins on or after the effective date of this Act. The allocation  
27 of low income housing tax credits for an application cycle that

1 begins before the effective date of this Act is governed by the law  
2 in effect on the date the application cycle began, and the former  
3 law is continued in effect for that purpose.

4 (b) The change in law made by this Act to Section  
5 2306.6725(d), Government Code, applies only to an application for  
6 low income housing tax credits that is submitted to the Texas  
7 Department of Housing and Community Affairs during an application  
8 cycle that begins on or after the effective date of this Act. An  
9 application that is submitted during an application cycle that  
10 began before the effective date of this Act is governed by the law  
11 in effect at the time the application cycle began, and the former  
12 law is continued in effect for that purpose.

13 SECTION 4. This Act takes effect September 1, 2015.

# ADOPTED

MAY 26 2015

*Leta Spaw*  
Secretary of the Senate

*Chris Naton*

FLOOR AMENDMENT NO. 1

BY: \_\_\_\_\_

1 Amend H.B. No. 3311 (senate committee printing) as follows:

2 (1) Strike the recital to SECTION 2 of the bill (page 1,  
3 lines 49 and 50) and substitute the following:

4 SECTION 2. Section 2306.6725, Government Code, is amended  
5 by amending Subsections (a) and (d) and adding Subsections (e) and  
6 (f) to read as follows:

7 (2) In SECTION 2 of the bill, in amended Section 2306.6725,  
8 Government Code (page 1, between lines 50 and 51), insert the  
9 following:

10 (a) In allocating low income housing tax credits, the  
11 department shall score each application using a point system based  
12 on criteria adopted by the department that are consistent with the  
13 department's housing goals, including criteria addressing the  
14 ability of the proposed project to:

15 (1) provide quality social support services to  
16 residents;

17 (2) demonstrate community and neighborhood support as  
18 defined by the qualified allocation plan;

19 (3) consistent with sound underwriting practices and  
20 when economically feasible, serve individuals and families of  
21 extremely low income by leveraging private and state and federal  
22 resources, including federal HOPE VI grants received through the  
23 United States Department of Housing and Urban Development;

24 (4) serve traditionally underserved areas;

25 (5) demonstrate support from local political  
26 subdivisions based on the subdivisions' commitment of development  
27 funding;

28 (6) remain affordable to qualified tenants for an  
29 extended, economically feasible period; and

ADOPTED

MAY 20 2017



1           (7) [~~6~~] comply with the accessibility standards  
2 that are required under Section 504, Rehabilitation Act of 1973 (29  
3 U.S.C. Section 794), and specified under 24 C.F.R. Part 8, Subpart  
4 C.

5           (3) In SECTION 2 of the bill, in amended Section 2306.6725,  
6 Government Code (between page 1, line 61, and page 2, line 1),  
7 insert the following:

8           (e) In establishing for the 2016 and 2017 qualified  
9 allocation plans the scoring criterion related to the commitment of  
10 development funding by local political subdivisions, the  
11 department shall significantly reduce for each place regardless of  
12 population the amount in funding, per low income unit, that is  
13 required for a proposed project to receive the applicable number of  
14 points for that criterion. After the reduction, the amount of  
15 required funding may be a de minimis amount.

16           (f) Subsection (e) and this subsection expire September 1,  
17 2019.

18           (4) In SECTION 3 of the bill, in Subsection (b) of that  
19 SECTION (page 2, lines 9 and 10), strike "Section 2306.6725(d)" and  
20 substitute "Sections 2306.6710 and 2306.6725".

21           (5) Add the following appropriately numbered SECTION to the  
22 bill and renumber subsequent SECTIONS of the bill accordingly:

23           SECTION \_\_\_\_\_. Sections 2306.6710(b) and (f), Government  
24 Code, are amended to read as follows:

25           (b) If an application satisfies the threshold criteria, the  
26 department shall score and rank the application using a point  
27 system that:

28           (1) prioritizes in descending order criteria  
29 regarding:

30           (A) financial feasibility of the development  
31 based on the supporting financial data required in the application

1 that will include a project underwriting pro forma from the  
2 permanent or construction lender;

3 (B) quantifiable community participation with  
4 respect to the development, evaluated on the basis of a resolution  
5 concerning the development that is voted on and adopted by the  
6 following, as applicable:

7 (i) the governing body of a municipality in  
8 which the proposed development site is to be located;

9 (ii) subject to Subparagraph (iii), the  
10 commissioners court of a county in which the proposed development  
11 site is to be located, if the proposed site is to be located in an  
12 area of a county that is not part of a municipality; or

13 (iii) the commissioners court of a county  
14 in which the proposed development site is to be located and the  
15 governing body of the applicable municipality, if the proposed site  
16 is to be located in the extraterritorial jurisdiction of a  
17 municipality;

18 (C) the income levels of tenants of the  
19 development;

20 (D) the size and quality of the units;

21 (E) ~~[the commitment of development funding by~~  
22 ~~local political subdivisions,~~

23 ~~[(F)]~~ the rent levels of the units;

24 (F) ~~[(G)]~~ the cost of the development by square  
25 foot;

26 (G) ~~[(H)]~~ the services to be provided to tenants  
27 of the development;

28 (H) ~~[(I)]~~ whether, at the time the complete  
29 application is submitted or at any time within the two-year period  
30 preceding the date of submission, the proposed development site is  
31 located in an area declared to be a disaster under Section 418.014;

1                    (I) [~~(J)~~] quantifiable community participation  
2 with respect to the development, evaluated on the basis of written  
3 statements from any neighborhood organizations on record with the  
4 state or county in which the development is to be located and whose  
5 boundaries contain the proposed development site; and

6                    (J) [~~(K)~~] the level of community support for the  
7 application, evaluated on the basis of a written statement from the  
8 state representative who represents the district containing the  
9 proposed development site;

10                    (2) uses criteria imposing penalties on applicants or  
11 affiliates who have requested extensions of department deadlines  
12 relating to developments supported by housing tax credit  
13 allocations made in the application round preceding the current  
14 round or a developer or principal of the applicant that has been  
15 removed by the lender, equity provider, or limited partners for its  
16 failure to perform its obligations under the loan documents or  
17 limited partnership agreement; and

18                    (3) encourages applicants to provide free notary  
19 public service to the residents of the developments for which the  
20 allocation of housing tax credits is requested.

21                    (f) In evaluating the level of community support for an  
22 application under Subsection (b)(1)(J) [~~(b)(1)(K)~~], the department  
23 shall award:

24                    (1) positive points for positive written statements  
25 received;

26                    (2) negative points for negative written statements  
27 received; and

28                    (3) zero points for neutral statements received.

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**May 27, 2015**

**TO:** Honorable Joe Straus, Speaker of the House, House of Representatives

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB3311** by Alvarado (Relating to the scoring criteria for an application for a low income housing tax credit and the allocation of those credits to developments reserved for elderly persons. ), **As Passed 2nd House**

**No significant fiscal implication to the State is anticipated.**

The bill would amend the Government Code relating to the scoring criteria for an application for a low income housing tax credit and the allocation of those credits to developments reserved for elderly persons. Based on the analysis of the Department of Housing and Community Affairs, duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 332 Department of Housing and Community Affairs

**LBB Staff:** UP, KVe, NV, JSm

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**May 18, 2015**

**TO:** Honorable Eddie Lucio Jr., Chair, Senate Committee on Intergovernmental Relations

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** **HB3311** by Alvarado (Relating to the scoring criteria for an application for a low income housing tax credit and the allocation of those credits to developments reserved for elderly persons.), **As Engrossed**

**No significant fiscal implication to the State is anticipated.**

The bill would amend the Government Code relating to the scoring criteria for an application for a low income housing tax credit and the allocation of those credits to developments reserved for elderly persons. Based on the analysis of the Department of Housing and Community Affairs, duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 332 Department of Housing and Community Affairs

**LBB Staff:** UP, KVe, NV, JSm

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**  
**Revision 1**

**April 29, 2015**

**TO:** Honorable Carol Alvarado, Chair, House Committee on Urban Affairs

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** **HB3311** by Alvarado (Relating to the scoring criteria for an application for a low income housing tax credit and the allocation of those credits to developments reserved for elderly persons.), **Committee Report 1st House, Substituted**

**No significant fiscal implication to the State is anticipated.**

The bill would amend the Government Code relating to the scoring criteria for an application for a low income housing tax credit and the allocation of those credits to developments reserved for elderly persons. Based on the analysis of the Department of Housing and Community Affairs, duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 332 Department of Housing and Community Affairs

**LBB Staff:** UP, KVe, NV, JSm

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**April 24, 2015**

**TO:** Honorable Carol Alvarado, Chair, House Committee on Urban Affairs

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB3311** by Alvarado (Relating to the scoring criteria for an application for a low income housing tax credit and the allocation of those credits to developments reserved exclusively for elderly persons.), **Committee Report 1st House, Substituted**

<p><b>No significant fiscal implication to the State is anticipated.</b></p>
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The bill would amend the Government Code relating to the scoring criteria for an application for a low income housing tax credit and the allocation of those credits to developments reserved exclusively for elderly persons. Based on the analysis of the Department of Housing and Community Affairs, duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 332 Department of Housing and Community Affairs

**LBB Staff:** UP, KVe, NV, JSm

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**April 2, 2015**

**TO:** Honorable Carol Alvarado, Chair, House Committee on Urban Affairs

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB3311** by Alvarado (Relating to the scoring criteria for an application for a low income housing tax credit.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

The bill would amend the Government Code relating to the scoring criteria for an application for a low income housing tax credit. Based on the analysis of the Department of Housing and Community Affairs, duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 332 Department of Housing and Community Affairs

**LBB Staff:** UP, KVe, NV, JSm